

Chapter 5

PROCEDURES AND USE OF STANDARD PRICES

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5.1. Purpose.

5.1.1. These procedures are to establish, review, and transmit standard prices for all materiel, supplies, and equipment except complete aircraft, missiles, airborne propulsion systems, military working dogs (as defined in AFI 31-202, "Military Working Dog Program") and Time Compliance Technical Order (TCTO) kits.

5.1.2. Standard prices of items of materiel will be used for inventory accounting (including cost of materiel withdrawn from stocks for use) and as the basis for pricing of all sales, transfers or issues. When prescribed, reductions in sales prices will be made at the time of sale and will not affect standard prices for inventory accounting.

5.1.3. The Materiel Support Division (MSD) was implemented 1 October 97 as a merger of the Systems Support Division (SSD), the Repairable Support Division (RSD) and the Cost of Operations Division (COD). MSD items are Air Force managed items (Budget Code 8), expendability, recoverability, repairability category (ERRC) codes N and P for consumables and ERRC codes C and T for repairables.

5.2. Responsibilities.

5.2.1. The inventory management specialists (IMSSs) establish and maintain standard prices for centrally procured (CP) items of supply within assigned Federal Supply Classes (FSCs)/Material Management Codes (MMCs)/Materiel Management Aggregate Codes (MMACs). Base supply officers establish and maintain standard prices for LP items.

5.2.2. For MSD items only: HQ AFMC/FM/LG prepares an annual Cost Recovery (CR) Table that is used in the D200N Item Pricing Record to calculate the various prices. Percentages for the following are provided in the table for each Air Logistics Center (ALC): Repair adjustment factor, Material Cost Recovery (MCR) adjustment factor, and the following Operational Cost Recovery factors – Center Direct/Indirect Cost Recovery at Latest Acquisition Cost (LAC), General and Administrative Cost Recovery at LAC, Center Direct/Indirect Cost Recovery at Latest Repair Cost (LRC) and General and Administrative Cost Recovery at LRC. The Cost Recovery Table will be provided to D200N, as required, to calculate the new prices. Normally this will happen once a year just prior to 1 Oct to calculate the prices for the new fiscal year.

5.3. Procedures.

5.3.1. The standard price for CP items is comprised of the latest representative acquisition price, plus the value of government furnished materiel (GFM) and first destination transportation (FDT) costs. There is one standard price for each CP item, regardless of condition.

5.3.1.1. The procurement price is the most representative acquisition cost of estimated current market value. Prices that are out of line based on procuring small quantities, such as one or two items, compared to purchasing a normal buy quantity can be disregarded if appropriate.

5.3.1.2. FDT costs include those costs from acquisition, production or testing to points of assembly or storage,

within the CONUS. The costs also include transportation costs on material, parts, and components to be assembled in the end item. Ocean transportation costs are included when delivery is from Free On Board (FOB) point of origin in CONUS to an overseas point, or when material is procured outside the CONUS for delivery elsewhere.

5.3.1.3. If FDT costs are not included in the acquisition price, materiel managers will determine when to apply the transportation surcharge, based on actual costs when applicable. If sufficient information is not available, a transportation surcharge of three percent will be added to the total of the acquisition price, packing and preservation costs (if not included in the acquisition price) and Government Furnished Aerospace Equipment (GFAE)/GFM/ Government Furnished Property (GFP), if any. Exception: The three percent transportation surcharge will not be added if the acquisition is estimated rather than actual.

5.3.2. LP items: The standard price initially established for LP, non-SMAG items, including those items in LP stores is based on the unit price charged by the vendor to the installation making the purchase. The unit price includes FDT costs and federal excise tax when applicable. Where transportation costs are not included in the unit price charged by the vendor and government facilities are used for this purpose, an additional three percent factor is applied to the unit price.

5.3.2.1. Budget code "9," base funded, SMAG items are priced as prescribed in Volume 1, Part 3, Chapter 6, of this manual.

5.3.3. Standard prices for all non-SMAG LM or organically modified items at depots and base are established from actual production costs by maintenance engineering at each installation. Direct labor, direct materiel and overhead cost incurred by maintenance engineering is included. Standard prices are based on the standard production run quantity. Special production runs are not used to change the standard price in the stock list.

5.3.3.1. Budget code "9" LM items are priced as outlined in Volume 1, Part 3, Chapter 6 of this manual.

5.3.3.2. The three percent transportation surcharge is not added to LM standard price.

5.3.4. Computing standard prices for Technical Order Compliance (TOC) kits are different for contractor and air force (AF) prepared kits.

5.3.4.1. Contractor Prepared Kits: Standard prices on contractor prepared TOC kits are computed by the System Program Manager IMS. The cost of engineering, manuals, computer data, kits/materials and tooling, when applicable, are included in the price of each TOC kit. The following will be added, if applicable: three percent of the unit price for FDT, cost of packaging to include material, labor, and handling, the value (standard price) of any GFM, and the cost of organic engineering. The estimated prorated price will be used in the computation of the standard price for TOC kits until a firm price for each kit is available from the final contractor.

5.3.4.2. AF Prepared Kits: Standard prices on AF prepared TOC kits are computed by the System Program Manager IMS. The cost of engineering manuals, computer data, kits/materials and tooling, when applicable, are included in the price of each TOC kit. The following will be added, if applicable: the component parts or material, not currently in the AF inventory, which are procured from manufacturers/contractors, and when parts or material are already in the AF supply system and are assigned standard prices, and the cost of organic engineering. The three percent transportation surcharge is NOT added.

5.3.4.3. TOC kits are not reflected in stock list publications; however, price records are established and maintained locally.

5.3.4.4. Quality control procedures for the pricing and billing for foreign military sales (FMS) TCTO and

modification kits are in Volume 9, Chapter 7, attachment 7C1 of this manual.

5.3.5. There is a uniform formula for rounding of prices. The unit price is the actual price rounded when necessary by the third decimal:

Example: \$.991 to .994 = \$.99

\$.995 to .999 = \$1.00

5.3.6. Standard price reviews for active, AF managed assets are automated in accordance with AFMCMAN 64-104, Volume 1, "Acquisition and Due-in System (ADIS) (JO41)."

5.3.6.1. The following are excluded: assets excluded from the acquisition and due in system (refer to AFMCMAN 64-104), assets identified by control numbers other than NSNs, such as kit (K) and non-cataloged (NC), procurements coded surplus, first article, or FMS where both the AF and FMS country are recorded users but the purchase was made entirely for the FMS country.

5.3.6.2. Standard prices for assets excluded from the standard price review system require manual review whenever initial estimated prices or acquisition costs of reprocurments are finalized.

5.3.7. Standard prices are revised once annually, as necessary. CP price revisions are mechanically generated by the standard price review system. LP items are revised as necessary to reflect current acquisition cost from local commercial sources.

5.3.8. For Resolution of Standard Price Verification Problems: The base/station ZOP monitor phones the IMS (names/numbers available in the D043 system) for confirmation of questioned standard price. If unable to obtain satisfaction from the IMS, forward it to the appropriate ALC ZOP monitor (see attachment 1A4 in chapter 1). If the ALC ZOP monitor cannot resolve standard price issues, contact HQ AFMC/LGIF at 4375 Chidlaw Road, Suite 6, Wright-Patterson AFB, OH 45433-5006 for resolution. For items managed outside the Air Force, refer the request to the primary inventory control activity (PICA) for resolution (see attachment 1A4 in chapter 1). Any of these requests must include all of the following data:

5.3.8.1. NSN.

5.3.8.2. Standard price.

5.3.8.3. Current LAC/LRC (MSD items only).

5.3.8.4. New LAC/LRC, if changed (MSD items only).

5.3.8.5. Affected customers.

5.3.8.6. Detailed information/rational for price change.

5.3.9. Due to annual surcharge processing of AF managed items, special attention must be given to the manually generated changes to standard prices/PVCs made between 31 May and 1 September. To minimize the possibility of erroneous standard prices/PVCs reentering the supply system, the IMS will schedule a review of all manually generated changes made during this time. This review is necessary to prohibit erroneous SMAG prices/PVCs, not corrected before 31 May, from reentering the supply system when the new FY standard prices are published. Standard prices/PVCs corrected after 31 May and prior to 15 August will be overlaid on 1 October with the price (plus new FY surcharge) that was in the system on 31 May, if a new procurement was not made during the previous twelve (12) months. Further information on the annual price review can be found in AFMCMAN 64-104.

5.3.10. Additionally, due to Federal Logistics Information System (FLIS) surcharge processing, all changes to the standard prices/PVCs made between 15 August and 1 November will be suspended. Manually generated FY standard price/PVC changes made after 1 November must reflect an effective date of not earlier than 1 December. Any PVC assignments made after 1 November must be based upon the new FY standard price. Corrections to prices made after 1 November must reflect FY surcharges.

5.3.11. The D043A/FED LOG system is the means for publishing standard prices on all CP items. Prior to catalog publication, prices are disseminated as routine Catalog Management Data (CMD) through mechanized systems.

5.3.12. ALCs and IMSs are responsible for ensuring that a record of price changes and their effective dates is maintained for each item on the procurement history record, or other similar item record maintained by the individual initiating the price change.